

**MINUTES OF THE SPECIAL MEETING
OF THE
ROWAN COUNTY BOARD OF COMMISSIONERS**

April 2, 2012 – 12:30 PM

J. NEWTON COHEN, SR. ROOM

J. NEWTON COHEN, SR. ROWAN COUNTY ADMINISTRATION BUILDING
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Present: Chad Mitchell, Chairman
Carl Ford, Vice-Chairman
Jon Barber, Member – Arrived at 1:47 p.m.
Raymond Coltrain, Member
Jim Sides, Member

County Manager Gary Page and Clerk to the Board Carolyn Athey were present.

Chairman Mitchell convened the meeting at 12:50 pm.

Commissioner Sides provided the Invocation and also led the Pledge of Allegiance.

Chairman Mitchell thanked Rowan County's Legislative Delegation (Delegation) Senator Andrew Brock and Representatives Fred Steen and Harry Warren for their willingness to meet with the Board. Chairman Mitchell said the North Carolina Association of County Commissioners (NCACC) had encouraged all counties to meet with their Delegations to receive feedback regarding priority issues for the upcoming Short Session. Chairman Mitchell said the three main issues were the State Budget, Human Services Administrative Flexibility, and County Broadband Public/Private Partnerships.

1. STATE BUDGET: INCREASE COUNTY LOTTERY FUNDS AND RESTORE MENTAL HEALTH FUNDING

Senator Andrew Brock said that currently the state budget, in looking at preliminary numbers from the research staff, was right on target. Senator Brock stated that the Governor's staff also felt the current state budget was in line with expectations of where revenues and expenditures would be. Senator Brock said the problem that put the budget in question was the Medicaid spending as a State.

Senator Brock made reference to the “April Surprise” when people were paying their taxes and having to make changes in the Short Session for approximately \$200 to \$300 million. Senator Brock said the figures were better than last year when the State was facing a \$2.7 billion spending gap. Senator Brock said changes were being looked at and some of the cost savings that were put in the budget last year for Medicaid could be realized ahead of estimates for a two year span. Senator Brock discussed paperwork delays that put cost savings behind a quarter. Senator Brock said they were trying to catch up now on the budget side.

Representative Fred Steen said he did not have much to add except to keep in mind that it would be a very Short Session of maybe five (5) to six (6) weeks. Representative Steen said the focus would be on the budget and he felt they were very close to where they should be on the appropriated end versus the revenue end. Representative Steen did not see a lot of changes but said he would focus on any concerns the County might have at the local level. Representative Steen said the DHHS budget was a large part of the budget and had a large impact at the local level.

Representative Harry Warren said he concurred with Senator Brock regarding cash flow and the performance against the projected budget. Representative Warren said everything seemed to be on target. Representative Warren reiterated that the upcoming session would be very short.

Chairman Mitchell said that the two (2) County goals, with regards to the State budget, were increased county lottery funds and the restoration of mental health funding. Chairman Mitchell questioned whether the legislators saw any chance of either of those goals happening in terms of counties receiving additional revenue. Chairman Mitchell stated these were two of the NCACC’s main goals.

Representative Warren said he did not see either happening in the coming budget year but rather making it a priority going forward and getting the lottery funds allocated where they were supposed to go in the first place.

Representative Steen said it was too much of a policy shift in the Short Session, unless the senate had something else. Representative Steen said it would be a shift in the right direction, but it would probably not be taken up, unless there was a group ready to take it up and get it through quickly. Representative Steen said there were too many who wanted it left as is. Representative Steen said it should have been left the way it was originally set up, even though he voted against it. Representative Steen said it had turned into a slush fund and the local folks needed guidance as to whether the money was going to come instead of pulling the rug out from underneath them every two years.

Senator Brock said when the lottery bill passed it was the worst bill of all lottery bills introduced. Senator Brock said the problems were not only how the money was divided up but with the oversight in what could be done with it. Senator

Brock said the Short Session had time constraints and was meant to deal only with the budget issues. Senator Brock said with the lottery funds, the Commission had changed part of their structure as far as payout and money coming back. Senator Brock said people figure out in playing the lottery, they do not win and stop playing. Senator Brock said adjustments had to be made to the payout and games and advertising. Senator Brock said when the bill was written there were different needs in different counties. Senator Brock went on to discuss consolidation of certain programs and plans.

Senator Brock said that mental health funds would be something they would like to look at; however, now might not be the time, nor were monies available. Senator Brock said that they would be looking at ways for more efficiency with more monies going to the individuals or to the providers to make a more efficient system. Senator Brock stated every scenario was being looked at.

Chairman Mitchell asked if the Delegation foresaw anything being transitioned over to the county level that the County Manager may have to pay attention to when preparing the county budget.

Senator Brock responded that a lot of the freshman class had served as county officials at the local level; therefore, passing unfunded mandates back to the county level was not desired. Senator Brock said they did not want to do that this year either, but there were some indirect places that might have costs to the county. Senator Brock said the budget presented from the Governor's mansion had a lot of costs pushed down to the counties and he added there were "a lot of chops on the chin" to avoid passing these costs to counties. Senator Brock said from an economic perspective, property values were dropping, which put greater strain on county budgets.

Representatives Warren and Steen agreed with Senator Brock.

Commissioner Ford said the budget was set based on the figures provided and then the Governor took away those funds. Commissioner Ford asked if taking the funds away was going to continue to be the way for the Governor.

Senator Brock said the issue of the Governor exercising budget authority was there must be a declared state of emergency. Senator Brock said once a state of emergency was declared, any pot of money could be used. Senator Brock said this year the budget was being reviewed line item by line item. Senator Brock said he would be writing legislation to revamp the lottery commission. Senator Brock said four of the highest paid state employees worked for the lottery commission, which created major issues for the way it had been handled. Senator Brock said it was not a partisan issue, it was just money not going where it should and not being handled properly. Senator Brock said he did not like the lottery and wished it could be done away with.

Commissioner Sides voiced concerns not just with the lottery, but also with the heads of organizations that were largely funded with state monies and making more than the Governor. Commissioner Sides felt this was something the legislature ought to address.

Senator Brock said state employees pay and benefits was something being looked at. Senator Brock said just over a year ago the state employees' health plan was weeks away from going broke. Senator Brock expressed hope the employees would have a funded health care plan and a pension that was promised to them. Senator Brock said remedies that work for one county may not work for another as each county was diverse. Senator Brock said trust and authority needed to be placed into the local systems to run correctly. Senator Brock said this had not been happening and should be changing soon to run more efficiently.

Representative Steen said a lot of things could happen in 2013 because of redistricting. Representative Steen said he felt Rowan was still in the top 20 in the state as far as population. Representative Steen said from the lottery standpoint, changes would be seen as to how to spend the money, how to allocate the money, and changes in the formula. Representative Steen said the changes should come as a natural occurrence of the population shift. Representative Steen felt the redistricting could help Rowan.

Representative Warren said a lot of counties made good faith financial commitments on construction with the intentions of paying off loans when the lottery money came through. Representative Warren said it was imperative that the NC legislature looked at getting the money back to the counties in order for them to make their debt service.

Commissioner Coltrain asked about the changes coming down the road due to operational shifts. Commissioner Coltrain spoke regarding the formula used years ago to distribute the sales tax going from a population base to a point of collection and whether that might be looked at again. Commissioner Coltrain used Rowan County as an example of citizens living in Rowan but shopping in neighboring counties, and the sales tax staying in those counties.

Representative Steen said each county would have to get to the table since there would be some tax reform beginning in 2013. Representative Steen said it was his hope there would be some type of engagement with the County Commissioners Association and with legislators. Representative Steen said it would be a difficult task for the base to be broadened and the rates lowered because there would be people taxed who have never been taxed before. Representative Steen said the policy being talked about should be examined. Representative Steen said a lot of sales tax dollars were being lost outside the County. Representative Steen said there would be a lot of tax reform next year and the local folks needed to be at the table making sure their voices were heard.

County Manager Gary Page pointed out that lottery money was committed to school debt and over the past two years when the lottery money was cut, the County could not take it from the schools and had to basically absorb it. Mr. Page said as long as the County did not lose any more ground, the County should be okay.

Senator Brock said people wanted fairness in taxes. Senator Brock said the state was part of a coalition with other states in making sure everyone got their fair compensation of collected taxes. Senator Brock said in looking at the allocation of tax funding with redistricting next year, it would be more difficult since the house and senate districts were based on population alone.

Commissioner Ford spoke pertaining to the local option sales tax that was brought up in the budget last year. Commissioner Ford said if the voters approved a penny sales tax it would bring in approximately \$7-8 million a year. Commissioner Ford went on to say the County could take 2-2½ cents off the property tax, where one penny of property tax only brought in \$1.2 million. Commissioner Ford said the sales tax brought in more money and everyone had to pay, not just property owners. Commissioner Ford questioned as to whether that would be an option this year or maybe in the future.

Representative Warren asked Commissioner Ford if, when calculating the expected revenue based on the increase in sales tax, it was based on historical sales or an anticipated drop in sales because of the increase in taxes. Commissioner Ford replied historical. Representative Warren discussed one side of the sales tax that came into play, which was if three of the bordering states had lower gas prices people migrate to get the lower gas and then shop, causing the County to lose a lot of sales tax revenue. Representative Warren said if it were a local initiative he would promote it. Representative Warren said he would support the sales tax option if it was voter approved and the vote were held during a general election.

2. ALLOW HUMAN SERVICES ADMINISTRATIVE FLEXIBILITY

Chairman Mitchell said the Board had been watching this issue very closely with the retirement of Rowan County's Department of Social Services Director and the upcoming retirement of the Health Director. Chairman Mitchell asked if anyone would like to make a comment on when the General Assembly might consider the topic and the odds of it passing. Chairman Mitchell asked if it did pass, when the County would have the flexibility.

Senator Brock said if it passed it would be in the 2013 session due to the time frame for the Short Session. Senator Brock said the issue was looked at in all areas of the State. Senator Brock said they were looking at consolidation as much as possible, but dealing with the budget this year was a battle of turf and money between the agencies. Senator Brock said the agencies did not want to

share resources, responsibilities, or titles. Senator Brock said counties should not be penalized for something another county might want, but rather counties should have the flexibility and the responsibility to make it work.

Representative Steen said he had no problem if the county wanted to look at the issue in 2013.

Commissioner Ford said it was a matter to at least consider with both of Rowan's directors retiring at one time.

Commissioner Sides said that when the idea first came up he thought the County could save money. Commissioner Sides said when he sat down and looked at the figures he could not find the savings he thought would be there. Commissioner Sides discussed consolidation and said would not mind having the capability to consolidate; however, he did not see it as a task for the County to undertake now.

Commissioner Coltrain said it would be good to leave the decision to the counties instead of consolidation being mandated.

Chairman Mitchell said that the Health Board had not advertised for the director's job. Chairman Mitchell said what the Board did not want to do was bring someone on unfairly and two (2) months down the road have to let one of the individuals go. Chairman Mitchell said he felt like it would be appropriate if the Board of Commissioners were to at least make a statement that it was not something they were interested in pursuing right now so that it did not handicap the Health Board's efforts to hire a new director.

Commissioner Sides said it would be good to take a straw vote and that he would be opposed to consolidation at this point. Commissioner Sides said there was a need to move forward with replacing the Health Department Director.

In response to a query from Commissioner Coltrain, Representative Warren said consolidation would be more practical in counties that were large and had the funding that could support one person with a subordinate position to specialize in each field. Representative Warren said in the smaller counties, the number of case loads were much smaller and one person could handle both; however, the tipping point would be in the intermediate sized counties that were not large or small enough to realize a savings. Representative Warren said he would support the idea that the county should be able to make that decision and find that unique individual to handle their situation to have that streamline government.

Chairman Mitchell said that Rowan County had too many employees within the two (2) departments for one person to manage both.

Chairman Mitchell said he was willing to go on record to wait on merging the two (2) departments. Chairman Mitchell asked if Commissioners Coltrain and Ford were ready to make a decision on the issue.

Commissioner Coltrain said at this point there was a definite need to move forward and maintain the current structure.

Commissioner Ford said it would be good for the County Commissioners to have the option.

3. AUTHORIZE COUNTY BROADBAND PUBLIC/PRIVATE PARTNERSHIPS

Chairman Mitchell asked the question of where the State was with potentially allowing greater flexibility with the partnerships.

Representative Steen said a level playing field was passed last year that brought everyone to the table. Representative Steen said he did not think there was anything that would come up in the short session.

Chairman Mitchell reiterated that these were the top three (3) goals that the association had sent. Chairman Mitchell said he guessed there were some counties that were looking to have the ability to provide broadband service. Chairman Mitchell said the association recommended the question be asked.

Representative Warren asked for clarification as to whether it was on Rowan's agenda and Chairman Mitchell replied that it was not.

Commissioner Sides said if Fibrant in Rowan County failed, someone had to pay, which would be the taxpayers. Commissioner Sides said it bothered him to have learned that money was being used for Fibrant that should be used in the water/sewer system for infrastructure improvements and reducing rates. Commissioner Sides went on to say that he thought the legislature should address, at some point, private funds (such as airport or landfill) not being used for any other purpose.

Representative Warren said he understood Commissioner Sides point on cross resourcing, and his personal opinion was that he liked smaller government and would not want Raleigh dictating to the counties or cities what they could do with their funding, as long as they were judicious in how they handled their finances. Representative Warren said that as far as broadband for counties, he found it quizzical. Representative Warren said that if you read House Bill 129, the level playing field, the terminology refers to cities, not county government. Representative Warren said he would assume that if county government wanted to go into the broadband business, they would have to get their local government commission to approve the plan and to comply with tenements of the bill. Representative Warren said the bill does address the cross resourcing of financing and was pretty succinct. Representative Warren said a section did

reference cross resourcing and four (4) cities that were in the business prior to the bill's passing were all exempt. Representative Warren said that going forward, the cross resourcing had been taken into consideration.

Senator Brock said to Commissioner Sides that, in Raleigh, there had been notice taken of where entities had gotten into things currently outside of their scope. Senator Brock said there were a lot of people in government that thought they knew where technology would go. Senator Brock said there were a thousand different options as to how data could be transmitted one way or another and people making decisions at the city or county level were not the best ones to ask.

4. OTHER LEGISLATIVE ISSUES OF CONCERN

Commissioner Coltrain expressed a desire that at both the state and federal level, a more aggressive look be taken at doing something with the immigration programs. Commissioner Coltrain said it would be the country's downfall if something was not done. Commissioner Coltrain said he wanted to mention the topic for future discussions in the long sessions at the state level. Commissioner Coltrain said immigration reform was definitely needed.

Representative Steen said the frustration could be heard from both sides. Representative Steen said the federal government was not doing its part at the boundaries. Representative Steen said there was a need to put National Guard troops to secure the borders and to make sure the United States was a sovereign nation. Representative Steen said we were seeing too many illegals trespass in our country and we had to pay for it. Representative Steen said we first had to get our house in order and he was willing to work on that when he got to Washington. Representative Steen said he understood the frustration from the legislators waiting on Washington to do something and it was not happening fast enough.

Senator Brock said he and Representative Warren worked on a conference committee together working on e-verify solutions to the state. Senator Brock said the United States was vulnerable as a country and needed to make sure it was a fair process to go through. Senator Brock said the immigrants who had come into the country legally did not like the illegal immigrants. Senator Brock said work to these immigrants was not a four letter word, but it was difficult when we had a system where a Governor kept pushing for more unemployment benefits for people who did not want to work. Senator Brock said we were borrowing money from the federal government to the tune of over \$3 billion that we had to pay back as a state and creating additional tax on businesses. Senator Brock said the right people needed to be put in place to make the right decisions.

Commissioner Sides said another item was a question concerning annexation reform.

Representative Warren went back to the immigration issue and said he was co-chair on a committee regarding the state's role on the immigration policy. Representative Warren said the frustration was that this was a federal issue. Representative Warren said if you did not secure the borders you would have a continuous flow of illegal immigration into the state. Representative Warren said we were fifth in the country with the volume of illegal immigrants in the state with an estimated cost of \$2 billion per year. Representative Warren said we had the advantage of watching court cases from the side lines that are being tried in Arizona, Alabama, Georgia, etc. Representative Warren said the committee was budgeted for six meetings and there had been four and at the last meeting the statement was made that a report would not be submitted to the Speaker for any recommendations on legislation. Representative Warren said a lot of court cases were to be heard in June and this would give us the advantage of coming up with the best practices of other states and the most effective laws in place.

Representative Warren said that as far as annexation went, he did not see anything wrong with having people who were affected by annexation, as being the people who voted on the issue.

Commissioner Ford mentioned several items, including extraterritorial jurisdiction (ETJ) and highway funding.

Senator Brock said he thought the system for transportation funding was antiquated. Senator Brock said there was a need to look at a modern transportation system and fundamentally change the way the DOT was structured and how projects were funded.

Representative Steen asked Commissioner Ford to make sure the Metropolitan Planning Organization remained a priority. Representative Steen said he had personally been working on the southern I-85 widening and the interchange since 1993. Representative Steen said it was frustrating to see that Landis had no access to the interstate in southern Rowan, which hurt where taxes were concerned. Representative Steen pointed out that there was no where to stop for five miles in the southern part of Rowan County until reaching Lane Street in another county. Representative Steen said as far as the interchange went, it needed to be tied in when the widening occurred. Representative Steen felt like the widening may come sooner than anticipated if the mobility fund could be used.

Representative Warren said there would be nothing done in the short session concerning ETJ's.

Commissioner Barber apologized for being for being late due to a work conflict. Commissioner Barber shared a few comments pertaining to the budget. Commissioner Barber said Rowan County had been fiscally responsible and he asked the Delegation to help make sure the County would not be penalized in the

budget process. Commissioner Barber asked for anything that could be done to help restore monies back to the county level.

Commissioner Barber brought up the issue of broadband by requesting that if this topic was discussed at a later date, that there would be a clear understanding as a County what that would mean. Commissioner Barber was questioning whether there would be associated costs or tax increases that might come with broadband. Commissioner Barber said it would be nice to understand what the financial picture for a county like Rowan would be. Commissioner Barber said he would like to hear from the NCACC as to their thoughts on the issue.

5. ADJOURNMENT

There being no further business to come before the Board, Chairman Mitchell adjourned the meeting at 2:10 p.m.

Respectfully Submitted,

Carolyn Athey, CMC, NCCCC
Clerk to the Board/
Assistant to the County Manager